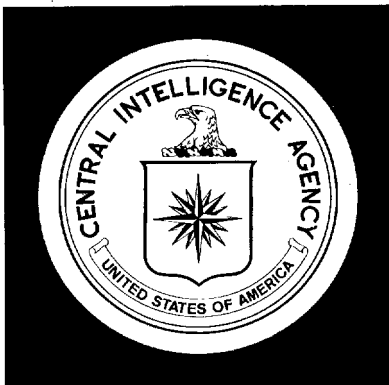


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DIRECTORATE OF  
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INDONESIA-CHINA: Press statements by Indonesian Foreign Minister Malik over the past month on Indonesian-Chinese relations appear intended to prepare the public for eventual normalization. 172

A few days ago Malik announced that he had instructed Indonesia's UN delegate to attend China's national day celebration on 1 October. He noted that the Chinese delegate had appeared at Indonesia's national celebration in August and stated pointedly that this exchange was "a good thing for the normalization of Indonesian-Chinese relations." In September, Malik publicly cited the reduced criticism of Djakarta in Chinese propaganda in recent months. 1

For the past year and a half, Indonesia has initiated both indirect and direct probes to determine China's attitude toward an improvement in relations, which were suspended in 1967. With its goal of Southeast Asian leadership, Indonesia cannot afford to be left behind as other nations establish or resume relations with Peking. Japan's rapidly paced moves to establish relations, more than anything else, probably led the Indonesian Government to accelerate its own schedule. 2

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FINLAND: The four coalition parties made respectable showings in municipal elections on 2 October, reducing the chances of a government crisis in the near future.

The Social Democrats remained the largest party in Finland with 27.1 percent of the vote, up 1.3 percent since the national elections in January. President Kekkonen's Center Party registered the greatest increase, most of it at the expense of the badly split, rightist Rural Party, which lost nearly half of its popular support. The Liberals and the Swedish Peoples Party held their ground.

Although national issues did not play a dominant role in the local elections, the success of the Social Democrats was due in part to the responsible role they have played during the past year. Prime Minister Sorsa's Social Democrats led the drive in parliament to reduce recently increased pension legislation to manageable proportions. The coalition won a vote of confidence on this issue last month with a sizable majority. Two parties that opposed the reduction fared poorly in the election.

Sorsa probably will view the results as a further endorsement of the government which now must deal with the touchy issues of EC treaty ratification and East German recognition. The Communists, who had led the opposition to Finland's arrangement with the EC, also slightly increased their showing at the polls.



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VIETNAM: Enemy sappers and gunners are becoming more active in the southern half of the country. The Communist harassing attacks, which began to increase early this week in the provinces around Saigon and in the delta, have been directed largely against major highways, remote outposts, and other lightly defended government positions. While little significant damage or casualties have been reported, the Communists temporarily cut several main roads leading to the capital city. Heavy rains and Communist efforts to regroup have slowed the pace of fighting in the northern provinces.

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NORTH KOREA: Pyongyang is adopting a tougher propaganda line on North-South negotiations, probably as a result of its dissatisfaction with the recent round of Red Cross talks and its defeat on the Korean question in the UN. Echoing comments by Kim Il-sung in a recent interview, Pyongyang now claims that the South is refusing to implement the agreement to achieve national unification contained in the joint communiqué on 4 July. Sharply worded editorials in the party paper, domestic and international broadcasts, and North Korean spokesmen abroad are alleging that Seoul's military preparedness exercises, its continued reliance on the UN and US military presence, and the existence of anti-Communist laws and emergency legislation are in direct violation of that agreement. Like the Kim interview, however, the recent propaganda stops short of threatening to break off the negotiations. It is, nonetheless, threatening in tone and lays the groundwork for blaming Seoul for any future impasse in the discussions.

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COSTA RICA - COMMON MARKET: Evidence of domestic economic dislocation may force President Figueres to soften his negotiating position on the Common Market trade impasse. Since Costa Rican trade with other market members was virtually paralyzed early last month when San Jose imposed protectionist trade measures, several Costa Rican industries have been forced to curtail production and numerous exporting firms have indicated that a sizable cutback in employment may be necessary to offset financial losses. In addition, the US-owned Firestone rubber plant, which is a highly visible industry, was forced to cease production on 3 October; its shutdown could have a snowballing effect on other injured industries. Thus far, Figueres has enjoyed widespread support on the Common Market issue, but this support might begin to weaken if shutdowns become widespread.

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